

4 FAH-3 H-530 PAY AND ALLOWANCES COMPUTATION

*(CT:FMP-35; 07-05-2006)
(Office of Origin: RM/GFS/FPRA/FPMC)*

4 FAH-3 H-531 DESCRIPTION AND DEFINITIONS

4 FAH-3 H-531.1 Description

(TL:FMP-18; 05-14-2003)

Computation of Pay and Allowances provides information on the different types of compensation, rules related to the computation of gross pay and allowances, and accounting and reporting of the computed compensations.

4 FAH-3 H-531.2 Definitions

(TL:FMP-18; 05-14-2003)

See 4 FAH-3 H-515.1, Definitions of Documents, Processes, and Actions for the definitions of base pay, administrative workweek, basic workweek, overtime, premium pay, and tour of duty.

4 FAH-3 H-532 BASIC PAY COMPUTATION

4 FAH-3 H-532.1 U.S. Citizen Employees Base Pay

(TL:FMP-18; 05-14-2003)

For the computation of pay, U. S. citizen employees are considered to be employed on an annual basis consisting of a 52-week work year of 40 hours each. Whenever it is necessary to convert a base annual salary rate to a basic hourly, daily, weekly, or biweekly rate, the following rules apply:

- (1) The hourly rate is derived by dividing the annual rate of base pay by 2087. Compute to the nearest cent, counting one-half cent and over as the next higher cent;
- (2) The daily rate is the hourly rate (computed as above) multiplied by the number of daily hours of work; and
- (3) The weekly or biweekly rate is the hourly rate (computed as above) multiplied by 40 or 80, as the case may be.

4 FAH-3 H-532.2 Foreign Service National Employees Base Pay

(TL:FMP-18; 05-14-2003)

For the computation of pay, Foreign Service National (FSN) employees, Personal Services Contractors (PSCs), and AMCITs, whose compensation is fixed pursuant to the provisions of section 408 of the Foreign Service Act of 1980, as amended, are considered to be employed on an annual basis consisting of a 52-week basic work year. The number of hours in the basic workweek and the base annual salary rates are set forth in the individual post's Foreign Service National compensation plan. Whenever it is necessary to convert a base annual salary rate to a basic hourly, daily, weekly, or biweekly rate, the following rules apply:

- (1) The hourly rate is the basic annual rate divided by the number of annual hours of work for which the position is scheduled. Where the work schedule coincides with the 40-hour workweek of U.S. citizens, the hourly rate is derived by dividing annual pay by 2087;
- (2) The daily rate is the hourly rate (computed as above) multiplied by the number of daily hours of work; and
- (3) The weekly or biweekly rate is the hourly rate (computed as above) multiplied by the number of weekly or biweekly hours of work.

4 FAH-3 H-532.3 U.S. Citizen Personal Service Contractors (PSCs) Pay

(TL:FMP-18; 05-14-2003)

The pay of a U.S. citizen PSC is determined by the terms of the

contract. Work performed in the continental United States and certain U.S. territories under a personal services contract is subject to the overtime rules of the Fair Labor Standards Act (FLSA) unless the work is in an executive, administrative, or professional capacity (5 CFR Part 551).

4 FAH-3 H-533 PREMIUM AND OTHER COMPENSATION FOR U.S. CITIZEN EMPLOYEES

4 FAH-3 H-533.1 Scope and Applicability of Premium Pay

(TL:FMP-18; 05-14-2003)

Premium pay is authorized by:

- (1) Subchapter V, Chapter 55, 5 U.S.C.;
- (2) Fair Labor Standards Act;
- (3) Prevailing Rate Systems;
- (4) The Foreign Service Act; and
- (5) 5 CFR, Part 551, Subpart E

4 FAH-3 H-533.2 Pay Limitations

(TL:FMP-18; 05-14-2003)

- a. There are a number of limitations or caps on compensation. Some are on a specific kind of compensation such as post differential or premium pay or SES/SFS awards. Two of the primary limitations are:
 - (1) The Aggregate Limitation on Pay (5 U.S.C. 5307) provides that the compensation paid in a calendar year may not exceed the rate payable for Level I of the Executive Schedule. For this purpose, compensation includes the total basic pay (including locality-based comparability or interim geographic adjustment, or special pay adjustment for law enforcement officers or the physicians comparability allowance), premium

pay paid under 5 U.S.C. Chapter 55, post differential, danger pay, SES performance and presidential awards (5 U.S.C. 5374 and 4507), incentive awards (5 U.S.C. Chapter 45), equalization pay of transferees to international organizations, retention allowance, supervisory differential, recruitment bonus, and relocation bonus.

- (2) The Chief of Mission limitation is described in 3 FAM 3114, Chief of Mission Pay Cap.

b. There are a number of limitations on premium pay. These limitations are:

- (1) An employee may be paid premium pay only to the extent that the payment does not cause the total base pay and premium pay for the pay period to exceed the greater of the biweekly rate for GS-15, step 10 (including any applicable special salary rate or locality rate of pay); or Level V of the Executive Schedule. This limitation does not apply to nonexempt FLSA employees, employees in the Federal Wage System, 5 CFR 550.106 emergency work, nor to the special differential for substantial amounts of extra work or special compensatory time-off for Foreign Service Officers (FSOs).
- (2) Premium pay is not creditable for benefits such as retirement, life insurance, or the Thrift Savings Program (TSP).

c. Premium pay is subject to FICA and Federal, state, and county or city income tax.

4 FAH-3 H-533.3 Special Differential for Substantial Amounts of Extra Work

4 FAH-3 H-533.3-1 Authority

(TL:FMP-18; 05-14-2003)

See section 412 of the Foreign Service Act of 1980, as amended (22 U.S.C. 3972) and 3 FAM 3139, Special Differential for Substantial Amounts of Extra Work.

4 FAH-3 H-533.3-2 Special Differential Payment

(TL:FMP-18; 05-14-2003)

- a. Special differential payment is made through the payroll system along with the biweekly payroll upon notification from the bureau executive director, or cable from the post management officer. The notification should identify the employee's name, grade/step, social security number, position number, organization code, inclusive dates of eligibility, and the applicable percentage. Hours of special differential should not be recorded on the T&A reports.
- b. Special differential payment to Department of State employees will be charged against the funds held by the employee's organization and not the American salaries allotment.
- c. Notification of termination of eligibility due to promotion, transfer, or revocation of certification is made by similar communication with the new termination date. The payroll center should also be notified to stop payment of the differential for periods of absence in excess of 21 calendar days.

4 FAH-3 H-533.4 Compensatory Time Off for Irregularly Scheduled Overtime Work

FAH-3 H-533.4-1 Authority

(TL:FMP-18; 05-14-2003)

See 5 CFR 550.114 and 3 FAM 3133.3, Requirement for Regular Compensatory Time Off for Irregular Overtime Work.

4 FAH-3 H-533.4-2 Time Limit

(TL:FMP-18; 05-14-2003)

When compensatory time off earned by an employee is not used within the established 16-week (eight pay periods) time limit, it is forfeited unless:

- (1) The employee is not exempt from FLSA;
- (2) The employee requested leave but it was denied; or
- (3) The failure to use the time is due to an exigency of the service beyond the employee's control.

In these instances, it is paid as overtime.

4 FAH-3 H-533.4-3 Recording and Payment of Compensatory Time Off

(TL:FMP-4; 6-15-95)

- a. Compensatory time off must be recorded on the biweekly T&A report when it is earned or used.
- b. Compensatory time off cannot be earned for any overtime worked which, if compensated, would cause the aggregate rate of pay for the pay period to exceed the premium pay limitation in 4 FAH-3 H-533.2, Pay Limitations.

4 FAH-3 H-533.4-4 Special Compensatory Time Off for Foreign Service Officers (FSOs)

(TL:FMP-18; 05-14-2003)

See Section 412c of the Foreign Service Act (22 U.S.C. 3971c) and 3 FAM 3133.5, Special Compensatory Time Off for Foreign Service Officers.

4 FAH-3 H-533.5 Sunday Pay

4 FAH-3 H-533.5-1 Authority

(TL:FMP-4; 6-15-95)

Sunday pay is authorized by 5 U.S.C. 5546. Provisions relating to Sunday pay are described in 3 FAM 3136, Sunday Premium Pay.

4 FAH-3 H-533.5-2 Sunday Pay Computation

(TL:FMP-4; 6-15-95)

Except as otherwise provided in 3 FAM 3100, Compensation, regular scheduled work on Sunday entitles one to pay at the employee's hourly rate of basic pay plus premium pay at a rate of 25 percent of the basic rate. Work in excess of eight hours on Sunday is compensated at the applicable overtime rate. Sunday pay is subject to the pay limitation in 4 FAH-3 H-533.2, Pay Limitations. Full-time U.S. citizen employees, except Senior Foreign Service members, senior executive service members, and tenured Foreign Service officers, serving at a post where Sunday is a workday in the post's administrative workweek, are eligible for Sunday pay.

4 FAH-3 H-533.6 Holiday Pay

4 FAH-3 H-533.6-1 Authority

(TL:FMP-4; 6-15-95)

Holiday pay is authorized by 5 U.S.C. 5546. U.S. holidays are authorized in 5 U.S.C. 6103 and are provided for in 3 FAM 3134, Pay for Holiday Work.

4 FAH-3 H-533.7 Night Pay Differential

4 FAH-3 H-533.7-1 Authority

(TL:FMP-4; 6-15-95)

Night pay differential is authorized by 5 U.S.C. 5545. Rules for night pay differential are provided in 3 FAM 3135, Night Pay Differential.

4 FAH-3 H-533.7-2 Night Pay Computation

(TL:FMP-4; 6-15-95)

In order to qualify for night pay differential, such night work must be authorized in advance of the administrative workweek as part of the employee's regularly scheduled administrative workweek. Night pay differential is computed at the rate of 10 percent of employee's basic pay.

4 FAH-3 H-533.8 Standby Duty Pay

4 FAH-3 H-533.8-1 Authority

(TL:FMP-4; 6-15-95)

Premium pay for standby duty is authorized by 5 U.S.C. 5545. Rules for standby pay are provided in 3 FAM 3138, Premium Pay on an Annual Basis.

4 FAH-3 H-533.8-2 Definition

(TL:FMP-4; 6-15-95)

Standby status means a state of readiness to immediately answer a

call to work, during which the member is free to eat, sleep, listen to the radio, or engage in similar pursuits. The member's whereabouts are narrowly limited and activities are substantially restricted. The member is not free to leave the designated duty station except in an emergency.

4 FAH-3 H-533.8-3 Payment

(TL:FMP-4; 6-15-95)

An administrative or other designated authorizing officer certifies needs and obtains approval required in 3 FAM 3100, Compensation, and notifies the servicing payroll office of the approved percentage. The percentage of premium pay paid for standby duty may not exceed 25 percent of the employee's base pay and may not be calculated on that part of the employee's base pay which exceeds the minimum rate of basic pay for GS-10.

4 FAH-3 H-533.9 Administratively Uncontrollable Overtime Work (AUO)

4 FAH-3 H-533.9-1 Authority

(TL:FMP-4; 6-15-95)

Administratively Uncontrollable Overtime (AUO) is authorized by 5 U.S.C. 5545 (c) (2), OPM regulations 5 CFR 550.151, and agency rules 3 FAM 3138.3, Administratively Uncontrollable Overtime. This authority may not be used unless procedures have been specifically authorized for a particular office or post by the Director General of the Foreign Service.

4 FAH-3 H-533.10 Post Differential

4 FAH-3 H-533.10-1 Authority

(TL:FMP-4; 6-15-95)

Post differential is authorized by 5 U.S.C. 5925 and Chapter 500 of the Standardized Regulations (Government Civilians, Foreign Areas (GC), (FA)). Provisions for post differential are described in 3 FAM 3260, Differentials.

4 FAH-3 H-533.10-2 Applicability

(TL:FMP-4; 6-15-95)

Post differential is granted to provide additional compensation to employees for service at places in foreign areas where conditions of environment differ substantially from conditions of environment in the continental United States and warrant additional compensation as a recruitment and retention incentive to an employee.

4 FAH-3 H-533.10-3 Post Differential Rules

(TL:FMP-4; 6-15-95)

- a. Posts approved for a differential and the differential percentages are listed in Section 920 of the Standardized Regulations. An employee transferred to such a designated post is entitled to post differential as of the date of arrival. Section 532 of the Standardized Regulations describes the conditions that terminate the differential. Post uses Form SF-1190, Foreign Allowance Application, Grant, and Report, to establish or terminate the differential.
- b. Post differential will be computed per the authorized rate for the post. The differential may not exceed 25 percent of base pay for the employee for the period served. The differential is paid along with the regular biweekly payroll through the payroll system. Post differential is subject to U.S. FICA, and Federal, state, and local income tax withholding. It is not creditable for retirement, TSP, or life insurance purposes.
- c. An employee's responsibility for verifying correctness of his or her Earnings and Leave Statement extends to reporting periods of ineligibility for post differential and any resulting overpayment.
- d. An employee who is detailed to a differential pay post on temporary duty (TDY) becomes eligible for post differential only after he/she has served, during one continuous period of absence away from the employee's post of assignment, 42 days on detail to one or more differential posts. Post differential is not paid for this qualifying period except for select posts as provided in footnotes to Section 920 of the Standardized Regulations. Upon completion of the detail, a Form SF-1190 signed by the post management officer is submitted to the payroll servicing office through the employee's management officer.

4 FAH-3 H-533.10-4 Post Differential Ceilings

(TL:FMP-4; 6-15-95)

Post differential is paid subject to the following ceilings:

- (1) Biweekly ceiling—Post differential may only be paid to the extent that the sum of base compensation, chargé pay, and post differential do not exceed the biweekly rate for Executive Level II per annum salary.
- (2) Payroll year ceiling—Upon the close of the payroll year (tax year), the payroll office will compute the differential earned in the payroll year but not paid due to the biweekly ceiling. This earned but unpaid differential is payable subject to the biweekly ceiling restated to a payroll year ceiling. Whenever an employee who was not serviced for the entire payroll year by the CAPPS requests annual adjustment of biweekly capped post differential, the employee is required to furnish a certified statement from the previous payrolling office. The statement should detail compensation paid for the pertinent earlier pay periods.

4 FAH-3 H-533.11 Chargé Pay

4 FAH-3 H-533.11-1 Authority

(TL:FMP-4; 6-15-95)

Compensation in addition to base salary for an officer temporarily in charge of a Foreign Service post during the absence or incapacity of the principal officer is authorized in 22 U.S.C. 3971. Rules for chargé pay are provided in 3 FAM 3123, Chargé D’Affairs Pay.

4 FAH-3 H-533.11-2 Chargé Pay Computation

(TL:FMP-4; 6-15-95)

- a. Chargé pay is computed as a percentage of the difference between the basic salary rate of the officer acting temporarily in charge and the basic salary rate provided for the position of chief of mission at a diplomatic mission or principal officer most recently in charge at a consular post or U.S. Interests Section. The regular rate of chargé pay is 50 percent; for other percentages in certain instances see 3 FAM 3123, Chargé D’Affairs Pay.
- b. Note that the officer must serve 28 cumulative, but not necessarily

consecutive, calendar days in charge at the post before becoming eligible for chargé pay at that post. There is no chargé pay entitlement for this waiting period. Only periods of seven or more consecutive calendar days in charge are counted toward completion of the 28-day waiting period or toward eligibility for chargé pay after the waiting period.

- c. See section 552 of the Standardized Regulations and 4 FAH-3 H-533.10-4, Post Differential Ceilings, for ceilings on post differential when chargé pay is payable.

4 FAH-3 H-533.11-3 Applicable Deductions

(TL:FMP-4; 6-15-95)

Chargé pay is subject to U.S. FICA, Federal, state, and local taxes. It is not creditable for retirement, TSP, or life insurance purposes.

4 FAH-3 H-533.12 Danger Pay

4 FAH-3 H-533.12-1 Authority

(TL:FMP-4; 6-15-95)

Chapter 650 of the Standardized Regulations and 5 U.S.C. 5928 provide for granting a danger pay allowance to certain employees serving in a foreign area under specified conditions. Provisions relating to danger pay are described in 3 FAM 3270, Danger Pay Allowance, and the pertinent posts are listed in the footnotes to section 920 of the Standardized Regulations (Government Civilians, Foreign Areas (GC, FA)).

4 FAH-3 H-533.12-2 Danger Pay Computation

(TL:FMP-18; 05-14-2003)

- a. Danger pay is additional compensation of up to 25 percent over basic compensation for service at a designated danger pay post, commencing at time of arrival, until departure, including days of leave and holidays while remaining at post. To calculate TDY danger pay manually determine basic compensation earned during TDY in danger area and multiply by the applicable danger pay percentage.

Note: Danger pay is not received for hours or days for which no base

pay is paid.

- b. Danger pay is not subject to the post differential ceiling. It is subject to the aggregate limitation in 4 FAH-3 H-533.2, Pay Limitations. Danger pay is subject to U. S. FICA, Federal, state, and local income taxes. It is not creditable for retirement, TSP, or life insurance purposes.
- c. If an employee has been granted a Service Need Differential (SND) as stated in 5 U.S.C. 5925(b), the sum of SND and any danger pay allowance may not exceed 25 percent of the base pay of the employee. For payrolling purposes, danger pay is paid at the full percentage authorized and service need differential is eliminated or reduced to maintain a ceiling rate of 25 percent for the two combined (Section 652 (c) of the Standardized Regulations).

4 FAH-3 H-533.12-3 Accounting for Danger Pay

(TL:FMP-18; 05-14-2003)

- a. State—Danger pay is charged to the post or bureau allotment (not centralized American salaries), Object Class 1151.
- b. FAS/USDA—Danger pay is charged to Department of Agriculture's General Authorization at a post.

4 FAH-3 H-533.12-4 Reporting of Eligibility for Danger Pay

(TL:FMP-18; 05-14-2003)

An employee assigned to a danger pay post submits a Form SF-1190, Foreign Allowances, Application, Grant, and Report, to initiate or terminate payment of danger pay. Also, comments on the initiation or termination of danger pay in the TMEIGHT and TMFIVE cables assist in timely handling. An employee transiting a danger pay post may use Form SF-1190 or a statement certified by the post management officer establishing dates of presence there for submission to the bureau executive office.

4 FAH-3 H-533.13 Physicians Comparability Allowance

4 FAH-3 H-533.13-1 Authority

(TL:FMP-18; 05-14-2003)

See 5 U.S.C. 5948 and 3 FAM 3290, Physicians Comparability Allowances.

4 FAH-3 H-533.13-2 Payment

(TL:FMP-18; 05-14-2003)

- a. The memorandum to the payroll servicing office to begin payment of a physician's comparability allowance shall contain the following:
 - (1) Names of physicians;
 - (2) Social Security numbers;
 - (3) Organization or post code;
 - (4) Annual amounts of allowance;
 - (5) Statement that the approved individuals and the allowance amounts meet the criteria of 3 FAM 3290, Physicians Comparability Allowances; and
 - (6) Approval or beginning dates.
- b. The allowance for full-time service is currently either up to \$14,000 for service of two years or less or up to \$30,000 for service of more than two years and part-time service is a pro rata share of these amounts. Physicians scheduled to work less than 20 per week or on an intermittent basis are ineligible. The allowance is coded subobject 1138 and is charged to M/MED's S & E allotment 6025. M/MED is responsible for immediately notifying the payroll servicing office by memorandum whenever an approved physician becomes ineligible for the allowance for any reason.
- c. The physicians comparability allowance (PCA) is subject to the Executive Level I cap. PCA is subject to U.S. FICA, Federal, state, and local income taxes. Enacted on December 28, 2000 (Public Law 106-571), PCA also constitutes basic pay for purposes of retirement deductions and TSP contributions. It does not constitute basic pay for purposes of deductions for life insurance.

4 FAH-3 H-533.14 Language Incentive Pay

4 FAH-3 H-533.14-1 Authority

(TL:FMP-18; 05-14-2003)

See 3 FAM 3170, Language Incentive Pay.

4 FAH-3 H-533.14-2 Payment

(TL:FMP-18; 05-14-2003)

- a. The post management officer authorizes the payroll servicing office by cable to begin payment. The cable should contain:
 - (1) Employee's name;
 - (2) Employee's Social Security number;
 - (3) Statement that the employee meets 3 FAM eligibility criteria for a language incentive payment;
 - (4) Percentage of incentive; and
 - (5) Beginning date.
- b. The termination notification is also via cable or TMFIVE containing a statement to stop incentive language payment as of the end of the pay period in which the actual time of departure occurs.
- c. This subject 1153 payment for State employees is charged against post funds rather than the Central American salaries allotment.

4 FAH-3 H-533.15 Incentive Awards

4 FAH-3 H-533.15-1 Authority

(TL:FMP-4; 6-15-95)

Incentive awards for government employees are authorized by 5 U.S.C. 4501-4506. Section 613 of the Foreign Service Act of 1980, as amended, provides for establishment of an award system for members of the Foreign Service. Provisions for incentive awards are provided in 3 FAM 4800, Department Awards Program.

4 FAH-3 H-533.15-2 Payment

(TL:FMP-18; 05-14-2003)

Awards to U. S. citizen employees are paid through CAPPS by sending Form SF-1034, Public Voucher for Purchases and Services Other Than Personal, to the payroll servicing center requesting either inclusion in the next pay check or the issuance of a separate check for presentation to the employee. The payment is subject to U.S. FICA, Federal, state, and local income tax withholding. Awards are usually paid from the funds of the office generating the award.

4 FAH-3 H-533.16 Senior Foreign Service (SFS) and Senior Executive Service (SES) Performance Pay Awards

4 FAH-3 H-533.16-1 Authority

(TL:FMP-18; 05-14-2003)

See 3 FAM 2870 for SFS and 3 FAM 2836 and 2837 and 5 U.S.C. 4507 for SES.

4 FAH-3 H-533.16-2 Payment

(TL:FMP-18; 05-14-2003)

- a. The SES and SFS awards are subject to the calendar year limitation on aggregate compensation of Level I of the Executive Schedule as of the end of the calendar year. Aggregate compensation includes basic pay, locality comparability, post differential, danger pay, physician's comparability allowance, awards, premium pay, equalization allowance, recruitment and relocation bonuses, retention allowance, supervisory differential, and back pay.
- b. Any SES or SFS performance pay awards that cannot be paid due to the ceiling will be carried over and paid at the beginning of the next year. Such delayed payment will count towards the ceiling of the year in which it is paid.
- c. The manager of the American Salaries allotment which provides the funds for payment by the payroll system makes the payment of SFS or SES performance pay upon receiving the Department notice announcing the awards. Payment is made through the payroll system and is subject to applicable U.S. FICA, Federal, state, and local income tax withholding.

4 FAH-3 H-533.17 Law Enforcement Availability Pay (LEAP)

4 FAH-3 H-533.17-1 Authority

(TL:FMP-18; 05-14-2003)

Law Enforcement Availability Pay (LEAP) is authorized by 5 U.S.C. 5545a and the regulations in 5 CFR 550.181 through 550.187. Rules for LEAP are provided in 3 FAM 3138.4, Law Enforcement Availability Pay.

4 FAH-3 H-533.17-2 Payment

(TL:FMP-18; 05-14-2003)

LEAP is an amount equal to 25 percent of the criminal investigator's rate of basic pay (as defined in 5 CFR 550.103) only for periods of time during which the investigator receives basic pay.

Note: A criminal investigator receiving availability pay may not be paid standby duty pay under 5 CFR 550.141 or administratively uncontrollable overtime under 5 CFR 550.151.

4 FAH-3 H-533.18 Service Need Differential (SND)

4 FAH-3 H-533.18-1 Authority

(TL:FMP-18; 05-14-2003)

Service Need Differential is authorized by 5 U.S.C. 5925(b). See Chapter 1000 of the Standardized Regulations (Government Civilians, Foreign Areas (GC, FA)).

4 FAH-3 H-533.18-2 Payment

(TL:FMP-18; 05-14-2003)

- a. Service Need Differential will be computed at 15 percent of basic pay for the employee for the period served under that assignment. The service need differential is accrued and calculated in the same manner as post differential, but not paid along with the regular biweekly payroll. Instead, it is paid in three lump sum payments,

annually at the completion of each employee's service year. Service need differential is subject to U.S. FICA, Federal, state, and local income tax withholding. Like post differential, it is not creditable for retirement, TSP, or life insurance purposes.

- b. Upon completion of each service year, post uses Form SF-1190, Foreign Allowance Application, Grant and Report, for certification and payment of the differential for the previous year. The remarks box of the SF-1190 must state the terms of the agreement, including agreement to either complete 36 months of the assignment, or repay the entire amount received while assigned to a post.
- c. SND is charged against HR/EX allotment 1025. In addition, SND is identified separately from post differential, using object code 1152 in the accounting classification box on Form SF-1190.
- d. The combination of the SND plus danger pay for the post of assignment may not exceed 25 percent of basic compensation. SND may be reduced or eliminated while danger pay is in effect.

4 FAH-3 H-533.18-3 Service Need Differential Ceiling

(TL:FMP-18; 05-14-2003)

Service Need Differential is paid subject to the following aggregate compensation ceiling—SND is subject, when combined with the employee's basic pay and other payments, to the rate payable for Level I of the Executive Schedule for the calendar year. SND will be applied towards the total amount of aggregate compensation in the calendar year it is paid.

4 FAH-3 H-534 PREMIUM AND OTHER COMPENSATION—FOREIGN SERVICE NATIONAL EMPLOYEES

4 FAH-3 H-534.1 Authority

(TL:FMP-18; 05-14-2003)

See Section 408 of the Foreign Service Act of 1980, as amended (22 U.S.C. 3908) and 3 FAM 7300, FSN Employee Attendance and Leave.

Premium and other compensation of Foreign Service National Employees and AMCITS is set forth in the approved local compensation plan. Terms of FSN personal services contracts conform to the conditions of employment for direct-hire FSN employees insofar as possible. The PSC contract should be reviewed for deviations.

4 FAH-3 H-534.2 Awards

(TL:FMP-18; 05-14-2003)

See 3 FAM 4800, Department Award Program, and 3 FAH-1 H-4818, Payment of Awards. Awards to foreign service national and AMCIT employees are paid through the payroll system by inclusion in the regular paycheck or issuance of a separate check for presentation to the awardee.

4 FAH-3 H-535 ALLOWANCES

4 FAH-3 H-535.1 Authority

(TL:FMP-18; 05-14-2003)

See the Standardized Regulations (Government Civilians, Foreign Areas (GC, FA)) and 3 FAM 3200, Allowances.

4 FAH-3 H-535.2 Application

(TL:FMP-18; 05-14-2003)

- a. An employee eligible for an allowance makes application on Form SF-1190, Foreign Allowance Application, Grant and Report, to the principal or management officer. To facilitate timely initiation and termination of allowance payments posts may alert the payroll servicing office in the TMEIGHT and TMFIVE messages, followed by Form SF-1190.
- b. Revisions to post allowance (cost-of-living) grants resulting from Federal Salary Act pay adjustments and from across the board rate increases do not require a newly executed Form SF-1190 but may be made on a group basis, using white bond paper. The mass action document must show:
 - (1) Employees' names;

- (2) Posts of assignment;
 - (3) Salaries;
 - (4) Family status as defined in section 040 of Standardized Regulations using code "1" for one adult exclusive of the employee, "1c" for one child and so on; and
 - (5) The name, signature, and title of the authorizing officer.
- c. Revisions resulting from individual employee's promotions or periodic pay step increases may be made and supported by using a copy of the agency's payroll change record.

4 FAH-3 H-535.3 Payment

(TL:FMP-4; 6-15-95)

- a. Living quarters, post, and separate maintenance allowances are paid on the biweekly payroll.
- b. Quarters advance is made outside of the payroll system but a copy of the voucher must be sent to the payroll system which monitors the earning or repayment of the advance.
- c. Education, foreign transfer, and temporary quarters subsistence allowances are normally vouchered directly to the employee as per 4 FAH-3 H-440, Exceptions in the Vouchering of Special Items. Education payments may be made directly to a school so long as employee's account does not exceed that authorized by section 920 of the Standardized Regulations.

4 FAH-3 H-536 ADVANCE OF PAY

4 FAH-3 H-536.1 Scope

(TL:FMP-18; 05-14-2003)

The U.S. Code, 5 U.S.C. 5927, provides that up to three months' pay may be paid in advance to:

- (1) An employee upon the assignment of the employee to a post in a foreign area (see Chapter 850 of the Standardized Regulations (Government Civilians, Foreign Areas (GC, FA))); or

- (2) Employees working outside their country of employment, while on temporary travel or permanent change of assignment, who must undergo certain types of outpatient medical treatment (see 3 FAM 1980, Medical Emergency Assistance).

4 FAH-3 H-536.2 Definitions

(TL:FMP-18; 05-14-2003)

See 4 FAH-3 H-515.1, Definitions of Documents, Processes, and Actions, for the definitions of employee, foreign area, pay, post, up to three months, country of employment, and outpatient medical emergency assistance.

Note: Home leave and return to post does not qualify for an advance.

4 FAH-3 H-536.3 Issuing Advance of Pay

4 FAH-3 H-536.3-1 Requesting an Advance of Pay

(TL:FMP-18; 05-14-2003)

- a. To request an advance of pay in association with an assignment to a post in a foreign area, an employee must submit Form JF-55, Request and Voucher for Advance of Pay, accompanied by a copy of the travel orders assigning the employee to a post in a foreign country to the servicing payroll office. The employee supplies the social security number and travel order number on Form JF-55. The advance may not be paid prior to the issuance of travel orders and not more than 45 days prior to the employee's scheduled departure to, or not more than 60 days after arrival at the assignment abroad.
- b. To request an advance of pay for outpatient medical emergency assistance:
 - (1) If in Washington, DC, U.S. employees who are assigned or located abroad must submit Form JF-55, Request and Voucher for Advance of Pay, and a letter from the treating facility/physician documenting the need for emergency outpatient medical care, including anticipated date and estimated cost of care, to the Executive Director (or financial management officer (FMO)) of his/her regional or functional bureau in Washington. The Executive Director or FMO, after

consultation with the Office of Medical Services, will grant initial approval for the medical emergency assistance. This initial approval will be quickly forwarded (by phone, email, or fax, as appropriate) to the employee's servicing payroll office to determine the maximum amount of advance that can be authorized and to advise the Executive Director or FMO. The Executive Director or FMO will, upon receipt of this information, authorize the outpatient medical emergency assistance in an amount not to exceed the maximum determined by the payroll office.

- (2) If abroad, U.S. employees must submit Form JF-55, Request and Voucher for Advance of Pay, and a letter from the treating facility/physician documenting the need for emergency outpatient medical care, including anticipated date and estimated cost of care, to the principal, management, or financial management officer at post. The principal, management, or financial management officer, after consultation with the regional medical office or post medical officer, will grant initial approval for the medical emergency assistance. This approval will be quickly forwarded (by phone, email, or fax, as appropriate) to the employee's servicing payroll office for determination of the maximum amount of advance that can be authorized. The principal, management, or financial management officer will, upon receipt of this information, authorize payment of the outpatient medical emergency assistance in an amount not to exceed the maximum determined by the payroll office.

- c. All salary advance requests must contain the following statement:

"Repayment of this advance is to be made by payroll deductions. The full advance will be repaid in not more than 18 pay periods. I will maintain other voluntary deductions such as allotments in amounts so as not to delay repayment of this advance."

- d. The employee must sign the request (original and three copies).
- e. An employee may elect a repayment schedule of less than 18 pay periods.

4 FAH-3 H-536.3-2 Advance of Pay Calculation

(TL:FMP-18; 05-14-2003)

Care should be exercised to make sure that an advance is not greater

than the maximum amount of basic compensation for six biweekly pay periods and that the net pay is adequate to cover the repayment schedule. Basic compensation and mandatory deductions may be determined from the Earnings and Leave Statement. Calculation of the maximum amount of advance that can be authorized remains the responsibility of the servicing payroll office unless the immediacy of the treatment required prohibits timely provision of such calculation. In this instance the post financial management/management officer will make an estimate based on information provided by the employee.

4 FAH-3 H-536.3-3 Processing Request for Advance of Pay

(TL:FMP-18; 05-14-2003)

- a. The authorizing officer must examine the documents to verify the completeness and correctness of the request, the computation of the advance amount, the pay back rate, and accounting data. A search by the payroll office must be made for any currently outstanding advance. At post, the certifying officer signs Form JF-55. Employees requesting the advance in Washington, for assignment to a post abroad, must provide required documentation to the servicing payroll office.
- b. Advances for assignments to a post abroad and outpatient medical emergency assistance are charged to the appropriation from which the employee's regular salary is paid.
- c. An advance, for assignment to a post abroad, is paid in the payroll system and sent to the same address as the employee's net pay.
- d. Where the cashier provides cash directly to the employee to facilitate payment to a medical provider for outpatient medical emergency assistance, the officer who approved the assistance will forward the approved request and the documents supporting the payment to the appropriate payroll servicing center to initiate collection. If the employee makes the payment directly to the medical care provider, the financial management/management officer will forward the approved request to the appropriate payroll servicing center to allow payment of the advance and initiation of collection.
- e. The allotment to be charged is as follows:
 - (1) Department of State: Memorandum Account designated by allotment code 7097 for assignment to a post abroad and

7098 for U.S. employees' outpatient medical emergency assistance; and

(2) Other Agencies: As determined by the respective agency.

4 FAH-3 H-536.3-4 Requesting Advance Prior to Liquidating a Current Advance of Pay

(TL:FMP-18; 05-14-2003)

An employee who has an outstanding balance from a prior advance of pay resulting from a transfer to a post abroad may be issued a new advance when, after arrival at the new post in a foreign area, the employee is reassigned to another post in a foreign area before full repayment of a previous advance of pay. The total unpaid balance, including the new advance, may not exceed the previously stated 6-pay-period limit. An employee who has an outstanding balance resulting from an outpatient medical emergency, may be issued a new outpatient medical emergency advance. The total unpaid outpatient medical emergency balance, including the new advance, may not exceed the 6-pay-period limit. The two types of advances are accounted for independently. Each has a 6-pay-period limit.

4 FAH-3 H-536.4 Collecting Advance of Pay

4 FAH-3 H-536.4-1 Deduction From Salary

(TL:FMP-4; 6-15-95)

- a. Advance of pay is collected by biweekly deductions from an employee's salary. The deduction will begin on the pay day that falls during the second full pay period following the pay period in which the advance was paid.
- b. When an employee enters or leaves servicing by CAPPS, the transfer of the authority to pay should identify the balance of any advance and the biweekly deduction amount to facilitate complete recovery of the advance.

4 FAH-3 H-536.4-2 Precedence Over Other Deductions

(TL:FMP-18; 05-14-2003)

In accordance with the order of precedence for payroll deductions prescribed by law and U.S. Government regulations, advance of pay is considered to be an indebtedness due the U.S. Government and the deduction has precedence over other voluntary deductions, including allotments and assignments of pay (see 4 FAH-3 H-541.5, Order of Withholding Precedence for Payroll Deductions).

4 FAH-3 H-536.4-3 Accounting

(TL:FMP-18; 05-14-2003)

- a. Deductions from an employee's salary for advance of pay are credited to the advance of pay account (appropriation, allotment, travel authorization number, and social security number). See 4 FAH-3 H-536.3-3e, Processing Request for Advance Pay, for specific allotment information required for the different types of salary advances.
- b. Such collection data is reflected biweekly on the employee's Earnings and Leave Statement and to the serviced agency on the Payroll Recurring Deductions Report, Net Disbursements and Collected Reimbursements Report (Form FS-478), and Voucher and Schedule of Withdrawals and Credits (Form SF-1081).

4 FAH-3 H-536.4-4 Cancellation of Assignment/Medical Emergency

(TL:FMP-18; 05-14-2003)

- a. If an assignment to a post in a foreign area is canceled at the convenience of the agency or outpatient medical emergency treatment is canceled and rescheduled at the convenience of the treatment facility/physician, the employee may repay the advance as previously scheduled.
- b. If an assignment to a post in a foreign area or the outpatient medical emergency treatment is canceled at the convenience of the employee, the outstanding balance must be repaid in full immediately to the agency.

4 FAH-3 H-536.4-5 Non-issuance of Paycheck

(TL:FMP-4; 6-15-95)

In the instance where non-issuance of a paycheck necessitates a

retroactive salary payment, the deduction made for each pay period included in the retroactive salary payment shall not exceed the normal pay back amount. In the event that the advance is not deducted, the non-deducted amount will be treated as an overpayment and repayment will be made in accordance with agency regulations (see 4 FAH-3 H-547, Other Deductions).

4 FAH-3 H-536.5 Establishing Accounts Receivable

(TL:FMP-18; 05-14-2003)

- a. Each agency must establish an accounts receivable for each advance of pay on the basis of disbursements charged to their appropriation supported by a signed copy of the Advance of Pay Request.
- b. The accounting transactions for maintaining the account receivable must be reported by the payroll system to the serviced agency biweekly on Payroll Advice of Charge and Payroll Recurring Deductions reports.

4 FAH-3 H-536.6 Collecting Advance of Pay Under Default

(CT:FMP-35; 07-05-2006)

When an employee is in default of repayment of the amount advanced, collection actions must be taken as stated in *4 FAM 490, Debt Collection*.

4 FAH-3 H-537 LUMP-SUM LEAVE PAYMENT

4 FAH-3 H-537.1 Scope

(TL:FMP-18; 05-14-2003)

This section sets forth procedures for calculating and making a lump-sum payment for accumulated and current accrued leave for an employee who has separated from the Department.

4 FAH-3 H-537.2 U.S. Citizen Employees

4 FAH-3 H-537.2-1 Period of Leave Computation

(TL:FMP-18; 05-14-2003)

- a. A lump-sum leave payment is calculated by multiplying the total number of hours of the annual and restored annual leave balances at the time of separation, times the rate or rates at which the employee would have been paid had the employee remained employed until the expiration of the leave balance. In computing the period of leave coverage, the first workday immediately following the date on which service was terminated counts as the first day of leave and each successive workday is counted as a day of leave until all leave is exhausted. The period of leave shall not be extended due to any holiday occurring after separation.
- b. If a pay schedule change is enacted or otherwise established by law for a period that is included in the employee's lump sum leave payment, the lump-sum payment should be recomputed to reflect the changed rate for the period it covers.
- c. A Foreign Service officer who at the time of separation is receiving a special differential for substantial amounts of extra work will have the differential included in the lump-sum leave payment.
- d. The leave payment includes any pertinent locality-based comparability adjustment of pay that was in effect for the employee at the time of separation under 5 U.S.C. 5304.
- e. The hourly lump-sum rate for a Foreign Service officer separating at a chief of mission salary rate is the rate which the officer was receiving on the date on which the officer was last subject to the leave law.

4 FAH-3 H-537.2-2 Applicable Deductions

(TL:FMP-18; 05-14-2003)

A lump-sum payment is considered pay for taxation purposes. Flat income tax withholding rates of 5 percent state and 2 percent city are applied where applicable. The Federal tax withholding rate is found in Publication 15, Circular E, Employer's Tax Guide, which can be found at www.irs.gov. A lump-sum annual leave payment is subject to either OASDI (Old-Age, Survivors, and Disability Insurance) and HI (Hospital Insurance) tax withholding or only HI tax withholding,

whichever was applicable to the last wages paid the individual. The lump-sum leave payment is not creditable for retirement or TSP purposes and no deduction is made for life or health insurance.

4 FAH-3 H-537.2-3 Employee Indebtedness Check

(TL:FMP-18; 05-14-2003)

Form DS-8, Fiscal Clearance for Final Salary Payment, or an acceptable substitute must be completed prior to payment of lump-sum leave to assure that there is no employee indebtedness.

4 FAH-3 H-537.2-4 Accounting

(TL:FMP-18; 05-14-2003)

The lump-sum leave payment must be charged to appropriated funds available for the payment of salaries on the date of separation.

4 FAH-3 H-537.2-5 Short Term Employment

(TL:FMP-4; 6-15-95)

Employees who do not complete 90 calendar days of continuous employment under one or more appointments are not entitled to a lump-sum leave payment.

4 FAH-3 H-537.2-6 Reemployed Annuitants

(TL:FMP-18; 05-14-2003)

A lump-sum leave payment may not be made to an employee who retires and is reemployed without a break in service in a position to which annual leave is transferable. Such an employee will be entitled to a lump-sum payment for annual leave accrued under both the pre-retirement and post-retirement appointments upon final separation. The hourly rate for the payment calculation will be the full salary rate of the reemployed position without any reduction for the amount of the employee's retirement annuity. A lump-sum leave payment does not have an affect on a retired employee's annuity payment.

4 FAH-3 H-538 ADVANCE PAYMENT OF EARNED INCOME TAX CREDIT (EITC)

(TL:FMP-18; 05-14-2003)

- a. If eligibility requirements are met, an individual may be entitled to an Earned Income Tax Credit against the individual's U.S. income tax liability. If the amount of the credit is greater than the amount of the tax liability, the excess is treated as an overpayment of taxes and generally will be refunded to the individual at the time a tax return is filed.
- b. A U.S. citizen employee, however, may be granted advance payment of Earned Income Tax Credit if eligibility requirements are met. See Circular E, Employer's Tax Guide; Publication 596, Earned Income Tax Credit; and Notice 797, Possible Federal Tax Refund Due to the Earned Income Tax Credit (EITC). The advance is not applicable to FSNs or other overseas employees.
- c. An eligible employee must file Form W-5, Earned Income Tax Credit Advance Payment Certificate, with the payrolling office to initiate an advance payment.
- d. An advance EITC payment is not compensation for services and is not subject to payroll taxes. Therefore, an advance EITC payment does not change the amount of income tax or social security tax withholding.

4 FAH-3 H-539 UNASSIGNED